(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) Reserve Bank of India has issued guidelines on merger and amalgamation between private sector banks and with NBFCs on 11th May, 2005. The guidelines are available on the website of RBI *i.e.* www.rbi.org.in/notification. RBI has discretionary powers to approve the voluntary amalgamation of two banking companies. Amalgamations are normally decided by RBI on business considerations such as the need for increasing the market shares, synergies in the operations of businesses, acquisition of a business unit or segment, sound rationale for the amalgamation, the systemic benefits and the advantage accruing to the residual entity, etc.

(d) Does not arise.

White Paper on disinvestment

1641. SHRI C. PERUMAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to publish a White Paper on disinvestment of Public Sector Undertakings;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) The matter is under the consideration of the Government.

Private banks credit to agricultural sector

1642. SHRI C. PERUMAL: Will the Minister of FINANCE be pleased to state:

(a) whether any target for outflow of agricultural credit by private banks has been fixed;

(b) if so, the details thereof;

(c) whether any private bank has not met the target; and

(d) if so, the action taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) A target of 18% Net Bank Credit (NBC) has been stipulated for lending to agriculture sector by private banks. Further, Government of India has announced doubling of credit flow to agriculture in three years by 2006-07 for all banks.

(c) Most of the private banks could not achieve the target of lending 18% of NBC to agriculture for the year 2004-05. They extended only 12.1% of NBC to agriculture for the period. However, private sector commercial bank reported disbursement of Rs. 8276.32 crore during the year 2004-05 and a target of 30% growth over the annual disbursement has been set for them for the year 2005-06.

(d) The domestic scheduled commercial banks, both in the public and private sector, having shortfall in lending to priority sector/agriculture, are required to deposit the amounts allocated to them by Reserve Bank of India into Rural Infrastructure Development Fund (RIDF) established with NABARD. As a measure of disincentive for non-achievement of agricultural lending target, the rates of interest on the deposits made to RIDF by the contributing banks has been lowered and are charged in inverse proportion to the extent of shortfall in the agricultural lending *vis-a-vis* the stipulated target of 18%.

Swapping of high cost loans of States

1643. SHRI MURLI DEORA: Will the Minister of FINANCE be pleased to state:

(a) whether the Twelfth Finance Commission had recommended swapping of high cost debts in favour of low cost securities;

(b) if so, the names of States which adopted this method and how far it helped them to reduce their debts;

(c) the outstanding liabilities of each State at present; and

(d) what remedial measures States have taken to reverse the trend?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir. However, Government of India announced the Debt Swap Scheme in the year 2002 in order to help the States to address the problem of mounting burden of interest. Under this scheme, Government of India had allowed the States to swap their high cost loans carrying rate of interest of 13% and above with current low coupon bearing small saving loans and open market borrowings.